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Westly Calls for FTB to Review Tax Breaks

Report to be issued in April

SACRAMENTO – State Controller and California Franchise Tax Board Chair Steve Westly today directed FTB staff, without objection, to study personal income and corporation tax exemptions and other expenditures to determine their costs and benefits.

“We need to be sure that taxpayers are getting the most bang for the buck from tax exemptions and other tax breaks,” Westly said. “As part of budget negotiations, the Legislature and Governor should know which tax expenditures produce an economic benefit to the state.”

The report, which was last issued in 2003, will analyze tax credits, exemptions, deferrals and other expenditures. FTB is expected to release its findings in April.

Assembly Member Mark Ridley-Thomas (D-Los Angeles) authored legislation last year, AB 2106, which would have mandated a similar report. The Governor vetoed AB 2106. Ridley-Thomas has re-introduced his measure this year as AB 168.

“California has two budgets, one publicly discussed and approved each year, and the other, rarely noted, the annual budget including tax expenditures” said Assembly Member Ridley-Thomas.

“Regular evaluation of tax expenditures could provide opportunities for identifying tax incentives that are no longer effective or have become obsolete in today's economy to determine whether such programs make the best use of limited state resources and AB 168 accomplishes that task.”

In addition, Westly called on the Board of Equalization to issue a similar report. The report is also expected in April.

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